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ARIZONA CORPORATION COMMISSION

May 9, 2006

Robert W. Geake
Vice President and General Counsel
Arizona Water Company
Post Office Box 29006
Phoenix, Arizona 85038-9006

AZ CORP COMMISSION
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2006 MAY -9 P 2:22

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RE: ARIZONA WATER COMPANY – APPLICATION TO EXTEND A CERTIFICATE OF CONVENIENCE AND NECESSITY. DOCKET NOS. W-01445A-06-0199, SW-03575A-05-0926 and W-03576A-05-0926

INSUFFICIENCY LETTER

Dear Mr. Geake:

The application of Arizona Water Company to extend its Certificate of Convenience and Necessity ("CC&N"), Docket No. W-01445A-06-0199, has not met the sufficiency requirements as outlined in the Arizona Administrative Code ("A.A.C.").

To correct the deficiencies, please provide the following information:

1. A drinking water design report which clarifies how water will be provided to the proposed CC&N extensions.

The report should identify existing and future sources, the capacities of existing sources, the estimated capacities of future sources and any existing demand on the present water sources.

The report should include the estimated water demand from a typical dwelling unit, the estimated demand from the proposed CC&N extension.

The report should identify the location of future and existing transmission mains and include the timing or construction phasing of facilities.

The design report should describe water quality and address any water quality problems with the existing and future sources of water.

Arizona Corporation Commission
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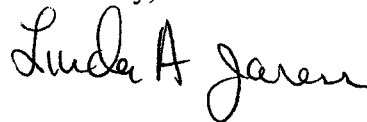
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2. An estimate of the water facilities costs necessary to serve the proposed CC&N extensions. The costs should include a description of the major components (i.e., wells, number and size of storage tanks, etc.) and the cost of each component.
3. The method of financing for the major components of the facilities necessary to serve the proposed CC&N extension.
4. A map of the requested service territory which identifies the areas for which there is a request for service and the party which is requesting service.
5. Will the CC&N extension areas be served by the Stanfield System? If so, please provide.
6. An ADEQ compliance status report for the System.
7. The completion of a Water Use Data Sheet for the System.
8. The submitted ADEQ compliance status report for the Casa Grande System is seven months old. Please provide a more updated compliance status report.

Pursuant to A.A.C. R14-2-411(C)(3), Staff may terminate an application if the applicant does not remedy all deficiencies within 60 calendar days of the notice of deficiency. Pursuant to the A.A.C. R14-2-411(C) for water and R14-2-610(C) for wastewater, the Commission has 150 calendar days to approve or reject this application after it is deemed sufficient. This time period will encompass a hearing, a Recommended Opinion and Order and a Decision from the Commission.

If you have any questions concerning this matter, please do not hesitate to contact me at 602-542-0859.

Yours truly,



Linda A. Jaress
Executive Consultant III

LAJ:tdp

cc: Docket Control
Del Smith
Lyn Farmer
Brian Bozzo